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SUBJECT: ANOTHER CORRUPTION CASE HITS SOME HI-FLIERS

REF: A. HCMC 499 B. HCMC 496 C. HANOI 2175

1. (U) Vietnamese media reported on December 3 the convictions of a former director of a real estate and marketing subsidiary of the Ministry of Agriculture and Rural Development (MARD) -- La Thi Kim Oanh, who received a death sentence -- and two former MARD vice ministers -- Nguyen Thien Luan and Nguyen Quang Ha, who each received three year sentences. Two former MARD department directors (assistant-secretary equivalent) -- Huynh Xuan Hoang and Phan Van Quan -- were given four year prison terms, while three of the subsidiary's executives -- Do Duc Thuan, Pham Tien Binh, and Pham Chinh Nghia -- received 15, 14, and 10 year sentences, respectively. Based in part on letters of support from the MARD vice ministers, Oanh's company was able to borrow over USD4.5 million from various Vietnamese banks, but most of the monies were never used for their intended purposes and at least some was diverted for overseas trips, gifts to officials, and other personal uses. Oanh reportedly denied the specific charges of embezzlement but admitted she had used the money "irresponsibly." All defendants now have the right to appeal.

2. (U) When asked about the case in a recent interview with Ho Chi Minh's "Tuoi Tre" (Youth) newspaper, Minister of Public Security Le Hong Anh claimed that authorities had been unable to track down to which GVN officials Oanh and her company had given money or gifts, and therefore that none would be charged with corruption, although he added that the CPV's Control Department was still "providing guidance" to investigators who continued to work within MARD. He admitted that "hundreds of billion dong" in this case remained "unaccounted for" and that "a hidden influence" and "underground network" continued to have a negative impact "within the state apparatus" on job distribution, fund allocation for projects, and "interference in the legal system."

3. (U) Comment: Like the even more high profile and dramatic Nam Cam case (refs a and b), the MARD case unusually toppled some relative hi-fliers, but likely failed to satisfy public perceptions that others at even more senior ranks remained untouched. As noted in ref c, the CPV and GVN view the problem of corruption seriously and are taking some welcome steps to move against corrupt officials. However, the closed nature of this system and the self-regulatory nature of anti-corruption campaign limit effectiveness.

PORTER